

**Commercial Claim Performance Standards – August 29, 2023**  
**Memorandum of Changes**

**General Modifications**

The Performance Standards for The Handling and Payment of Claims (the Standards), including its appendices, are reviewed every two years in accordance with Massachusetts G.L. c. 175 §113H. The ‘redlined’ formatting is used to identify only proposed modifications to the Standards.

**Modifications to the Commercial Standards:**

**Standard II: Bodily Injury & Uninsured/Underinsured Motorist**

- The Normal Claim Handling section that begins Standard II addresses requirements applicable to the initial screening of accident and loss reports. Part of the initial screening process includes the expectation to review policy information, accident history, and the Central Index Bureau (CIB) to determine if any possible red flags exist.
- The Central Index Bureau database was previously sold to a different vendor and no longer exists.
  - The Standards do not typically identify a specific vendor in any section. Therefore, staff recommends removing the CIB reference and replacing it without naming a specific database.

**Standard III: No-Fault Personal Injury Protection (PIP) Benefits Handling**

- Appendix N: Division of Insurance (DOI), Bulletin 2017–06 addresses the proper coordination of PIP and MedPay claims with health plans. However, Standard III applicable to the handling of PIP claims does not reference Appendix N nor the DOI Bulletin.
  - Staff proposes including in the Evaluation and Settlement section of Standard III, a direct reference to Appendix N and the requirements that pertain to the coordination of benefits.

**Appendix H: Chapter 175, Section 24D**

- Appendix H: Chapter 175, Section 24D is included in the Standards to ensure that companies research pending claims to prevent payments to claimants that owe past due child support or are subject to a child support lien. This appendix outlines required steps prior to a company issuing payments.
- Chapter 175 was amended in 2003 by adding Section 24E after Section 24D. The adopted language placed additional responsibility on insurers to check with the Division of Medical Assistance and the Department of Transitional assistance for liens prior to issuing 3<sup>rd</sup> party settlement payments.
  - Staff recommends modifying Appendix H to include §E.
    - Chapter 175, Section 24E language is included in the draft redlined material for the Subcommittee’s review.

**Appendix J: CAR SIU File Review Process**

- As noted in the proposed changes to the Private Passenger Standards, the recent modifications to Rule 32 created improved consistency to Rule 10, specifically with Section C that pertains to the SIU.
- The suggested changes to Appendix J for commercial business are similar to those proposed in the private passenger Standards.
  - Staff is proposing the clarification of references to Rule 10.C.1 and 10.C.2.
  - Reporting of SIU completed audits of voluntary and ceded policies to verify garaging and policy facts.
    - The prior two biennial reviews of the Standards included changes to improve the quality and consistency of SIU industry data. Part of those approved changes

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resulted in the requirement for the industry to use templates, as prescribed by staff, to submit SIU claims and underwriting SIU referral data into CAR's SIU System.

- Staff proposes the required use the template developed for industry use in the completion of 10.C.2. SIU audits.

**Appendix M: NAIC Standards:**

- Appendix M details each of the NAIC Claims Standards included in the Market Regulation Handbook. These Standards have been amended from 14 to 11 standards.
  - Staff proposes modifications to Appendix M to reflect the current NAIC Standards, and to update applicable references for each NAIC Standard to the Performance Standards or Rules of Operation where necessary.